

SENATE BILL 1375

By Finney L

AN ACT to amend Tennessee Code Annotated, Title 67,
Chapter 6, relative to sales of computer software.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-6-102, is amended by deleting subdivisions (19) and (68) in their entirety.

SECTION 2. Tennessee Code Annotated, Section 67-6-102(89)(A), is amended by deleting the language "steam, and prewritten computer software" and by substituting instead the language "and steam".

SECTION 3. Tennessee Code Annotated, Section 67-6-102, is amended by adding the following as a new, appropriately designated subdivision and by redesignating the existing subdivisions accordingly:

() "Remote access or means" includes accessing or connecting a taxpayer's computer or server to a user's computer or server via the Internet, modem, telephone line, or any electronic method in order to perform a particular service on the user's computer, software, or server, regardless of whether the user or the user's server or software is located in this state or another state;

SECTION 4. Tennessee Code Annotated, Section 67-6-205(c)(4), is amended by deleting the subdivision in its entirety and by substituting instead the following:

(4) The performing, for a consideration, of any repair services with respect to any kind of tangible personal property or computer software; except, that repair services, whether or not performed by remote access or means, as defined in § 67-6-102, shall not be subject to tax under this chapter where the service is made as an incident to the sale of computer software, or as a part of the installation or maintenance services

provided to a customer on computer software, or when any computer software is transferred in conjunction with the repair service;

SECTION 5. Tennessee Code Annotated, Section 67-6-205(c)(6), is amended by deleting the subdivision in its entirety and by substituting instead the following language:

(6) The installing of tangible personal property that remains tangible personal property after installation, whether or not the installation is made as an incident to the sale of tangible personal property, and whether or not any tangible personal property is transferred in conjunction with the installation service;

SECTION 6. Tennessee Code Annotated, Section 67-6-205(c), is further amended by adding the following language as a new, appropriately designated subdivision:

() The installing of computer software, where a charge is made for the installation; except, that the installing of computer software, whether or not performed by remote access or means, as defined in § 67-6-102, shall not be subject to the tax levied by this chapter where the installation is made as an incident to the sale of computer software, or as a part of the maintenance services provided to a customer on computer software, or where the computer software is transferred in conjunction with the installation service;

SECTION 7. Tennessee Code Annotated, Section 67-6-231, is amended by deleting the section in its entirety.

SECTION 8. Tennessee Code Annotated, Section 67-6-507(a), is amended by deleting the language ", computer software, or computer software maintenance contracts".

SECTION 9. This act shall take effect upon becoming a law, the public welfare requiring it.